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Review of the efficiency of the administrative and financial functioning of the United Nations

Proposed programme budget outline for the biennium 2004-2005

Report of the Secretary-General

Summary

By its resolution 41/213 of 19 December 1986, the General Assembly, inter alia, requested the Secretary-General to submit, in off-budget years, an outline of the proposed programme budget for the following biennium. Accordingly, the outline for the biennium 2004-2005 is hereby submitted. The level of the contingency fund for the biennium 2004-2005 is recommended to be set at 0.75 per cent of the overall level of the proposed programme budget outline.

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I. Introduction

1. In accordance with the provisions of annex I to General Assembly resolution 41/213 of 19 December 1986, the Secretary-General submits, in off-budget years, an outline of the programme budget for the following biennium, which should contain an indication of the following:

(a) Preliminary estimate of resources to accommodate the proposed programme of activities during the biennium;

(b) Priorities, reflecting general trends of a broad sectoral nature;

(c) Real growth, positive or negative, compared with the previous budget;

(d) Size of the contingency fund expressed as a percentage of the overall level of resources.

The outline for the biennium 2004-2005 is hereby submitted. The Secretary-General will submit reform proposals pertaining to the continued process of strengthening the Organization in September to the General Assembly at its fifty-seventh session. Any implications that the reform would have for the proposed programme budget outline will be addressed at the fifty-seventh session.

II. Preliminary estimate of resources needed to accommodate the proposed programme of activities during the biennium

2. In establishing a preliminary estimate of resources for the biennium 2004-2005, the approved level of appropriations and related commitments, namely, $2,699.9 million, was taken as the starting point. These existing provisions consist of the initial appropriation of $2,625.2 million; a subsequent commitment of $0.7 million authorized by the General Assembly for the comprehensive implementation of and follow-up to the World Conference against Racism, Racial Discrimination, Xenophobia and Related Intolerance; and decisions, as of the time of writing, taken in informal consultations of the Fifth Committee including $59.3 million for strengthening the security and safety of United Nations premises; $12.6 million for the United Nations Assistance Mission in Afghanistan; and $2.1 million for the United Nations Tajikistan Office for Peace-building. The preliminary estimate, expressed in 2002-2003 prices, has been arrived at as follows:

Proposed programme budget outline for 2004-2005		*Millions of United States dollars*
Appropriations for 2002-2003[a]		2 699.9
Plus: Full provision for new posts approved in 2002-2003 (para. 3)	25.3	
Less: One-time costs in 2002-2003 (para. 4)	(47.8)	
Plus: Provision for appropriate information technology and common services infrastructure (para. 5)	29.8	
Plus: Provision for new or expanded activities/events foreseen and/or mandated in 2004-2005 (para. 6)	40.5	
Changes		**47.8**
Subtotal		**2 747.7**
Additional provision required for special political missions at the current programme level		**110.2**
Preliminary estimate for established activities 2004-2005		**2 857.9**

[a] Includes initial appropriation, subsequent commitments and decisions as of the time of writing taken in informal consultations of the Fifth Committee, yet to be confirmed by formal meetings of the Fifth Committee and of the plenary of the General Assembly.

A. Full provision for new posts

3. It will be recalled that for the programme budget for the biennium 2000-2001, the General Assembly decided, on the recommendation of the Advisory Committee on Administrative and Budgetary Questions, that provisions for new posts at the Professional level and above should be costed at 50 per cent. The same procedure was followed for the biennium 2002-2003. The full biennial provision in 2004-2005 for those posts which were newly established in the biennium 2002-2003 and at present are only partially funded in the 2002-2003 biennium would require an additional $25.3 million in the biennium 2004-2005. This additional provision is required to maintain the regular budget established post staffing table at the same level of posts as has been already approved for the biennium 2002-2003. It is anticipated at present that in preparing the proposals for the biennium 2004-2005 consideration will be given to costing all new post proposals on a full-cost basis to avoid the delayed impact of growth in the biennium 2004-2005, prejudicing the level of estimates for the biennium 2006-2007.

B. One-time costs in 2002-2003

4. One-time costs in 2002-2003 amounting to $47.8 million would not be required. Those provisions relate mainly to one-time construction costs associated with security enhancements at Headquarters and offices away from Headquarters. In addition, these are non-recurrent costs for substantive and public information support for the special session of the General Assembly and associated plenary meetings on children and for special conferences on financing for development, the

Second World Assembly on Ageing and the World Summit on Sustainable Development. For the purpose of the present report, all costs provided in 2002-2003 for special political missions have been treated as being of a recurrent nature.

C. Provision for appropriate information technology and common services infrastructure

5. These preliminary estimates for the biennium 2004-2005 include a provision of $29.8 million in respect of the need to ensure that information technology and common services facilities infrastructure are brought to levels which will not prejudice programme delivery. Attempts to provide adequate services to delegations and programmes within the reduced level of real resources available in the biennium 2002-2003 have only been partially successful. Some limited efficiencies have been realized as a result of following a more disciplined meeting schedule. However, some of the other service cutbacks, while reducing the level of expenditures, have had the undesired effect of negatively impacting the quality of service delivery and cannot be sustained in the long run without becoming counterproductive and reducing productivity. Accordingly, a limited allocation of resources to supplement information technology and common services is envisaged to be distributed across the parts of the budget which were affected by the economy measures instituted, consequent upon the adoption of the 2002-2003 initial appropriations.

D. Provision for programme changes in 2004-2005

6. During the biennium 2004-2005, implementation of the programme budget will include continued reinforcement of programmes to enhance capacity for meeting the United Nations Millennium Declaration goals in accordance with the strategies outlined in the "Road map" (A/56/326). Accordingly, resources are foreseen to strengthen peace-building, human rights and humanitarian assistance, the economic and social sector, as well as conference-servicing and the United Nations Office at Nairobi. The following meetings and conferences are foreseen in the next biennium: the special session of the General Assembly on small island developing States; the special session of the General Assembly on population development; the Eleventh United Nations Congress on the Prevention of Crime and the Treatment of Offenders; the special session of the General Assembly on women; and the special session of the General Assembly on the World Summit for Social Development. In this regard, relevant estimated requirements for public information support for these conferences are included in the preliminary estimates. Provisions are also envisaged for follow-on requirements for strengthening of the security infrastructure in Geneva, including additional building protection improvements and implementation of the second phase of the intermediate surveillance system. As a result of the strengthening of these areas, projected requirements amounting to a 1.5 per cent growth of programme resources, or $40.5 million, are foreseen as needs for the biennium 2004-2005.

E. Special political missions

7. The General Assembly initially authorized some $98.4 million to be available in the biennium 2002-2003 to provide funding for such special political missions as might be authorized by the Assembly and the Security Council. Subsequently, some $14.7 million of additional resources (i.e., $12.6 million for the United Nations Assistance Mission in Afghanistan and $2.1 million for the United Nations Tajikistan Office for Peace-building) was approved under revised appropriations considered at the second part of the resumed fifty-seventh session. While the combined revised provision of $113.1 million could have been maintained in the outline for the 2004-2005 programme budget, such a course would seriously underestimate likely requirements as it would provide only about half of currently anticipated biennial requirements. It is estimated that full biennial provision in 2004-2005 for special political missions currently existing in the biennium 2002-2003 would amount to $223.3 million, thus requiring an increase of $110.2 million. While the present composition of special political missions will change somewhat in the biennium 2004-2005, it is not anticipated that the overall level will trend downwards.

8. Special political missions clearly exhibit characteristics which set them apart from other activities of the Organization financed from the regular budget. The structures in each of those missions do not form a part of the organizational structure of the United Nations Secretariat. Their activities are directed towards operational matters and as such do not lend themselves to full integration with the work programme of the Secretariat. The procedures followed for the initiation of the missions, either through the Security Council or the General Assembly, do not follow the normal programme planning and budgeting cycle. They may be, and are, approved at any point of the calendar. Accordingly, their timing and the related resource requirements have consistently proven almost impossible to predict accurately. **Under the circumstances, the General Assembly may wish to consider whether special political missions are susceptible for treatment within the present regular budget procedures for estimating requirements in the budget outline and subsequent programme budgets.**

9. The Secretary-General intends to maximize the output effectiveness of the resources committed. The proposed programme budget for the biennium 2004-2005 will be subjected to the most intensive internal scrutiny within the Secretariat, and will clearly focus on what is to be delivered by way of the accomplishments expected of the programme with the resources committed. In particular, the review will include an item-by-item examination of programme outputs to ensure their contribution and relevance, under approved strategies, for the fullest possible achievement of expected accomplishments. Thus the budget proposals will reflect the benefit of further reviews of possible obsolete activities, additional cost-effective measures and simplified procedures.

10. The outline requirements would be subject in due course to recosting to biennium 2004-2005 costs. Such a recosting exercise will reflect, inter alia, changes due to both inflation and exchange rates. Experience has proven that exchange rates cannot be reliably predicted for the time periods involved. However, inflation adjustments may be more closely approximated at this stage and would extend to about $179.9 million on the assumption of cumulative annual inflation rates of 3.1 per cent prevailing through 2005. Accordingly, total requirements for the biennium

2004-2005 adjusted for inflation, but not yet for exchange rates, would amount to $3,037.8 million.

III. Priorities reflecting general trends of a broad sectoral nature

11. The following priorities in the medium-term plan for the period 2002-2005[1] were approved in section I of General Assembly resolution 55/234 of 23 December 2000: maintenance of international peace and security; promotion of sustained economic growth and sustainable development in accordance with relevant General Assembly resolutions and recent United Nations conferences; development of Africa; promotion of human rights; effective coordination of humanitarian assistance efforts; promotion of justice and international law; disarmament; and drug control, crime prevention and combating international terrorism in all its forms and manifestations. **It is proposed that the programme budget for the biennium 2004-2005 should also manifest these priorities.** The proposed distribution of resources by parts of the budget is shown in the annex.

IV. Real growth compared with the previous budget

12. **The preliminary estimate ($2,634.6 million), before inclusion of special political missions, represents an increase of $47.8 million, or 1.8 per cent, compared with the approved appropriations and related provisions for the biennium 2002-2003. Nearly two thirds of this increase relates to the supplementary provision for information technology and common services infrastructure required as a consequence of currently existing deficiencies. Once account is taken of the full inclusion of required provisions for special political missions, the total preliminary estimate of $2,857.9 million would represent an increase of $158.0 million, or 5.8 per cent, compared with existing provisions for the biennium 2002-2003.**

V. Size of the contingency fund

13. The size of the contingency fund was set at 0.75 per cent of the overall level of resources for the first outline and for all subsequent ones. **It is recommended that the level again be set at 0.75 per cent, or $21.4 million, for the biennium 2004-2005.**

Notes

[1] *Official Records of the General Assembly, Fifty-fifth Session, Supplement No. 6* (A/55/6/Rev.1).

Annex

Preliminary indicative estimates for the biennium 2004-2005

(Millions of United States dollars)

Expenditure by part of programme budget	*2002-2003 appropriation*	*Resource change*		*Total*
		Amount	*Percentage*	
I. Overall policy-making, direction and coordination	499.1	5.3	1.1	504.4
II. Political affairs (not including special political missions)	149.8	5.6	3.7	155.4
III. International justice and law	59.1	1.9	3.2	61.0
IV. International cooperation for development	273.1	13.8	5.1	286.9
V. Regional cooperation for development	337.1	11.3	3.3	348.4
VI. Human rights and humanitarian affairs	133.0	7.8	5.8	140.8
VII. Public information	144.7	3.2	2.2	147.9
VIII. Common support services	440.9	25.1	5.7	466.0
IX. Internal oversight	20.3	0.5	2.3	20.8
X. Jointly financed administrative activities and special expenses	79.4	1.6	2.1	81.0
XI. Capital expenditures	87.3	(37.7)	(43.2)	49.6
XII. Staff assessment	349.9	9.4	2.7	359.3
XIII. Development Account	13.1	-	-	13.1
Regular budget established activities 2004-2005	**2 586.8**	**47.8**	**1.8**	**2 634.6**
Provision for special political missions	**113.1**	**110.2**	**97.4**	**223.3**
Total	**2 699.9**	**158.0**	**5.8**	**2 857.9**